

## Section 2 CA Business e-file Program Information

### 2.1 General Information

e-filing ensures more accurate returns because e-file software and our e-file processes verify certain aspects of the return before we accept it for processing. Because of these checks, e-file returns have the lowest error rate of all returns filed. In addition, business taxpayers and tax practitioners know that we received their return because we provide an acknowledgment for each e-file return we receive.

Business taxpayers and preparers must sign their returns before transmitting to FTB. Business taxpayers and preparers must sign using the *California e-file Return Authorization for Corporations* (form FTB 8453-C), *California e-file Return Authorization for Partnerships* (form FTB 8453-P) or *California e-file Return Authorization of LLC's* (form FTB 8453-LLC). The forms may be retained by the business taxpayer or preparer in their records with a copy of the return (paper or electronic copy is acceptable) or the form may be scanned and included as a .PDF attachment accompanying the e-file return.

CA Business e-file returns are transmitted via the Internet using our Secure Web Internet File Transfer (SWIFT) process. For more information about transmitting returns using SWIFT, refer to Section 5.

Once we receive a transmission, our e-file program performs validation of the transmission (batch) and submission (return) information for completeness and accuracy through Transmission and Submission Manifest validation, Business Rule validation, and Schema validation. Each submission in a transmission is checked independently for both Schema validation and Business Rule validation.

In addition, we will validate the attached federal XML return submission against the appropriate current valid IRS Schema. We will **not** perform Business Rule validation on the federal return.

If the return passes all the validation steps, we will send you an acknowledgement (ACK) showing we accepted the return. If the return fails any of the checks, we will send you an ACK showing the reasons (Schema or Business Rule violation) why our e-file program rejected the return. You must correct the errors and retransmit the return. We must accept the return before it is considered a filed return.

### 2.2 Differences Between the IRS and FTB Business e-file Programs

We follow the e-file program requirements found in IRS Pubs 1345, 4163 and 4164 to the extent that they apply to our Business e-file Program. Some of the major differences between our programs are as follows:

- Transmit all state tax returns and attachments directly to FTB in Sacramento, California.
- Do not send paper documents to FTB.
  - EROs must retain form FTB 8453-C, 8453-P, and 8453-LLC or attach a PDF copy to the e-file return (refer to Binary Attachments in Section 4.3.2).
  - We do not have an electronic signature option (PIN) for our Business e-file program.
- We do not utilize Web services for the transmission of returns. Refer to Sections 5 and 6 for information about transmitting returns to FTB.

## Definition of e-file Participants

A participant in California's e-file Program is an "Authorized FTB e-file Provider." The Authorized FTB e-file Provider categories are:

An **Electronic Return Originator (ERO)** originates the electronic submission of tax returns.

To be an ERO, you must:

- Be an accepted participant in the IRS's e-file Program.
- Have an Electronic Filer Identification Number (EFIN) from the IRS.
- Activate your IRS EFIN by submitting form FTB 8633, *California e-file Program Participant Enrollment Form\**. This form is available online at [www.ftb.ca.gov](http://www.ftb.ca.gov). Search for: **join e-file**
- Pass our suitability check.

**Note:** If you are already enrolled as an accepted participant in our Individual e-file Program you do not need to re-enroll for Business e-file as long as your contact information is the same.

**Intermediate Service Providers** receive tax return information from an ERO (or from a business taxpayer who files electronically using commercial tax preparation software), processes the tax return information, and either forwards the information to a Transmitter, or sends the information back to the ERO (or business taxpayer).

**Software Developers** develop software for the purpose of formatting electronic tax return information and/or transmitting it to FTB, according to FTB Pub. 1346B, *Business e-file Guide for Software Developers and Transmitters*.

**Transmitters** transmit electronic tax return information directly to FTB.

The Authorized FTB e-file Provider categories are not mutually exclusive. For example, an ERO can, at the same time, be a Transmitter, Software Developer, or Intermediate Service Provider depending on the function(s) performed.

## 2.4 Consent to Disclosure for Business Taxpayers Preparing and Transmitting Returns

Software developers must provide the appropriate disclosure to the business taxpayer or preparer before they sign and transmit the e-file return.

### Consent to Disclosure for Corporations preparing and transmitting their own returns:

"Before you can transmit your return to the `insert name of Software Company here` (and then the FTB), you must read and authenticate the Franchise Tax Board (FTB) "Consent to Disclosure" on the screen. This is a legal statement authorizing `insert name of company here` to process your return electronically."

## **Consent to Disclosure**

I consent to allow my ERO, Intermediate Service Provider, and/or my Transmitter to send this business return to the FTB. Additionally, I consent to allow FTB to send my ERO, Intermediate Service Provider, and/or my Transmitter an acknowledgment of receipt of transmission and an indication of whether or not this business return is accepted, and, if rejected the reason(s) for the rejection. If the processing of the return or refund is delayed, I authorize the FTB to disclose to my Intermediate Service Provider and/or Transmitter the reason(s) for the delay, or when the refund was sent.

By using this system to prepare and submit this tax return, I consent to the disclosure to the FTB of all information pertaining to my use of this system, including the Internet Provider address.

## **2.5 Memorandum of Agreement (MOA) Program**

The purpose of the MOA Program is to establish written agreements between the FTB and those commercial e-file providers who request a presence on the FTB Website. Based on eligibility and approval, the FTB will provide hyperlinks to the Websites of certain commercial e-file providers from the FTB Website. The FTB Website will also include commercial e-file provider information as a public service to business taxpayers and tax professionals.

If you are interested in participating in the FTB's MOA Program, please contact our MOA Program Coordinator at (916) 845-3798.

## **2.6 Privacy and Confidentiality**

You must abide by the provisions of Sections 17530.5, 22251, and 22253 of the Business and Professions Code, Section 1799a of the Civil Code, and Section 18621.7 of the Revenue and Taxation Code. This requires the FTB to approve only those electronic filing tax preparation forms and software that are compliant with the privacy and confidentiality provisions described in these Codes.